

INTERNATIONAL

UTILITIES

CORPORATION





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INTERNATIONAL UTILITIES CORPORATION (IU)

STOCK COMMENT NO. C-13


**MERRILL LYNCH,
PIERCE,
FENNER & SMITH INC**

SECURITIES RESEARCH DIVISION

INTERNATIONAL UTILITIES CORPORATION (IU)

	<u>N. Y. S. E.</u>
Recent Price	35½
1967 Price Range	37¼-23
Current Indicated Annual Dividend Rate	\$1.20*
Yield	3.1% ⁺
P/E Multiple on 1966 Earnings of \$1.71 ⁺	22.5 ⁺
P/E Multiple on Estimated 1967 Earnings of \$2.15*	17.9 ⁺

* - In Canadian funds, subject to applicable non-residents tax. ⁺ - In Canadian funds. ⁺ - Adjusted to reflect current value of Canadian funds.

In our opinion, this good-quality stock has above-average potential for growth. In recent years, the company has been reducing its dependence on utility operations by diversifying into industry, shipping, and transportation. Earnings per share have grown at an impressive annual rate of 9.6% in the last five years, and dividends have been paid in increasing amounts each year since 1944.

INTERIM EARNINGS: In the first half of 1967, net income from operations amounted to \$8.8 million, or \$1.14 a share, up 14% in comparison with the \$1.00 a share earned in the 1966 first half. Results exclude gains derived from sale of properties and investments; the gains amounted to 11¢ a share in the latest half and 15¢ a share a year earlier. Second-quarter net was equal to 42¢ a share vs. 32¢ a share.

RECENT DEVELOPMENTS: The company's program of diversification into non-utility operations is continuing in 1967. An investment is being made in Divcon Inc., a Houston-based holding company that, by means of subsidiaries, provides underwater services to the international offshore petroleum industry. International Utilities will have a 30% equity interest in Divcon at a cost of \$750,000 and will spend up to

\$3 million on equipment. As the result of a share-purchase offer made in July 1967, the company has increased its investment in Echo Bay Mines Ltd. to 77%. Echo Bay, a private company, mines silver and copper in the Northwest Territories. Earnings for the year ended February 28, 1967, have been estimated at more than \$2.5 million, compared with \$611,000 for the preceding year. Preliminary studies are under way on the possibility of an exchange of stock by International Utilities Corp. for outstanding shares of General Waterworks Corp. General Waterworks is a successful investment holding company in the United States.

THE COMPANY: International Utilities operates primarily through its subsidiaries. Major operations are the distribution of

natural gas and electricity, shipping, truck and bus transportation, and miscellaneous industrial activities. In addition, International maintains an active portfolio of investments. The following table demonstrates the proportion of net income derived from the various activities in the past two years. Excluded are gains from the disposal of properties and investments.

	<u>1966</u>	<u>1965</u>
Public Utilities	50.9%	59.9%
Shipping	13.3	8.3
Trucking	3.3	7.2
Industrial	11.6	10.2
Other Investments	20.9	14.4

INVESTMENT PORTFOLIO: The company maintains a securities portfolio that has made a significant contribution to earnings over the years. In fiscal 1966, the portfolio accounted for much of the \$4.4 million of interest and dividend income and of the \$2.2 million net capital gains. At the end of 1966, marketable securities had a book value of \$55.1 million and a market value of \$77.6 million. Combined gains from the sale of investments and properties have averaged 25¢ a share of International Utilities over the past ten years.

	<u>Major Holdings</u>	<u>Shares</u>	<u>Market Value</u> <u>December 31, 1966*</u>
<u>Canadian</u>	Power Corp. of Canada	400,000	\$ 3,800,000
	White Pass and Yukon	152,800	1,470,000
<u>U. S.</u>	Atlantic Coast Line Co.	65,700	2,053,000
	C. Brewer and Co. Ltd.	293,000	4,395,000
	Jerrold Corp.	245,000	5,763,000
	McCord Corp.	100,000	1,900,000
	New York Central Railroad	279,000	19,111,000
	Pennsylvania Railroad	237,000	12,577,000
	Reliance Insurance	100,000	3,913,000

* - Total market value \$77.6 million.

UTILITY SUBSIDIARIES: Utility operations are conducted by two natural-gas subsidiaries, an electric company, and a combined natural gas-electricity utility.

Canadian Western Natural Gas Co. Ltd. (87.7% owned) serves the cities of Calgary and Lethbridge, the town of Banff, and 82 other communities in southern Alberta. The operating area has a population of some 441,000. Revenues expanded in 1966, but because of cost increases net income declined to \$2.4 million vs. \$2.5 million a year earlier. In 1966 the company built a new \$2.5-million pipeline from the Jumping Pound West gas field to Calgary.

Northwestern Utilities Ltd. (wholly owned) distributes natural gas in the cities of Edmonton, Red Deer, Camrose, and Wetaskiwin, and in 88 other communities in central Alberta. Population of the area is about 512,000. Net income available for the common declined in 1966, to \$3.2 million vs. \$3.5 million in fiscal 1965.

Northland Utilities Ltd. (99.6% owned) is a combined natural-gas and electricity operation. Natural-gas distribution extends to some 26 communities in northern Alberta and to three in British Columbia. The population served totals approximately 47,000. Electricity is supplied to 50 communities in

northern Alberta, the Northwest Territories, and Uranium City, Saskatchewan, with a combined population of some 38,000. The large new Rainbow Lake Oil field, discovered in 1965, is in Northland's operating area. Net income available for the common rose slightly in 1966, to \$612,900 vs. \$610,700 in fiscal 1965.

Canadian Utilities Ltd. (72% owned) serves a population of about 172,000 in an area consisting of 261 communities in central and northern Alberta, one in Saskatchewan, and 15 in the Yukon. Net income available for the common rose to \$2.2 million in 1966 vs. \$2 million the year before.

SHIPPING SUBSIDIARIES: International Utilities owns a group of subsidiaries known as the Gotaas-Larsen lines. The companies own or operate oil tankers, bulk carriers, and refrigerator ships. At the end of 1966, 30 ships were owned, operated, or on order. Net income from shipping operations rose by a substantial 74% to \$1.8 million in 1966. Interest income of \$1.1 million was paid to International Utilities or its affiliates on cash advances for shipbuilding and vessel improvements; that figure compares with only \$472,000 in 1965.

TRANSPORTATION SUBSIDIARIES

Ryder Truck Lines, Inc. (wholly owned). The trucking subsidiary was purchased by International Utilities in August 1965, and has since undergone management reorganization and a substantial plant-and-equipment modernization program. These programs adversely affected 1966 earnings, which were \$233,000 vs. \$534,000 in 1965, when no tax provision was necessary because of a tax loss carryforward. Ryder operates over regular routes in 16 states.

Canada Coachways Ltd. (wholly owned), together with its subsidiaries, operates bus routes in Alberta, British Columbia, the Yukon, and Northwest Territories. Canada Coachways acquired three small bus lines

in 1966, and at the year-end owned 130 units serving 8,000 miles of highway. IU's investment in Canada Coachways' capital stock and promissory notes was just under \$5 million at the end of 1966. Although earnings were unsatisfactory last year, effected economies are expected to be reflected in improved earnings in 1967.

INDUSTRIAL SUBSIDIARIES

International Utilities of the U. S., Inc. has two divisions, which operate under the former corporate names of Brown Brothers Contractors, Inc. and The Kaiser-Nelson Corporation. These divisions are engaged in the recovery of steel and iron scrap at steel plants, the processing of slag and crushed stone, and the sale of such products in Pennsylvania, Ohio, and New Jersey. A subsidiary, The Kaiser-Nelson Steel and Salvage Corporation, conducts demolition and salvage operations throughout the United States. In 1966 a Canadian affiliate, Kaiser-Nelson Demolition Ltd., was formed to conduct operations in Canada. International Utilities recently acquired a 51% interest in Standard Structural Steel Ltd., a Montreal-based fabricator and erector of structural steel. The price was not disclosed. Standard has enjoyed phenomenal earnings growth, with an average annual increase of 45% in per-share earnings over the past five years.

ANNUAL RESULTS: Net income, excluding gains on disposal of properties and investments, for the year ended December 31, 1966, amounted to \$13.7 million, 16% more than in 1965. Because of sharply higher preferred dividends, \$2 million in 1966 vs. \$178,000 a year earlier, earnings available for the common were \$1.71 vs. \$1.72 a share in 1965. Preferred dividends were higher in 1966 because a full year's payment was made on preferred stock issued late in 1965. The gain on the disposal of properties and investments in 1966 amounted to an additional 30¢ a share vs. 19¢ the year before, resulting in total net income of \$2.01 a share vs. \$1.91.

Revenues from natural-gas operations rose 4.9% to \$50.3 million in 1966. The subsidiaries sold 146.2-billion cubic feet of natural gas, for a gain of 6.1% over sales in 1965. Electricity revenues increased 7.8% to \$15 million, on sales of 562-million kwh, which were 13.5% higher than in 1965. Because of increases in costs, particularly a 15% rise in the cost of natural-gas purchases, net income from utility operations declined to \$7.6 million vs. \$7.9 million a year earlier.

Non-utility operations registered excellent over-all growth in 1966. Revenues rose 80% to \$123.2 million, while net income increased by 55% to \$6.2 million. Earnings of the transportation subsidiaries were adversely affected by substantial internal reorganizations, but their relatively poor results were more than offset by strong gains in other fields. The shipping division reported a particularly good earnings gain of 74% over 1965 earnings.

OUTLOOK: Although profits rose by 16% in 1966, earnings available for the common were held at their 1965 level by dividends on the new preferred-stock issue. Management estimates that 1967 earnings will show an impressive gain to about \$2.15 a share vs. \$1.71 a share for 1966. For the years after 1967, the outlook remains extremely promising, in our opinion. The substantial investment portfolio should continue to supply a regular source of interest and dividend income. Meanwhile, successful diversification into non-utility operations is continuing. The dividend rate on the common stock has been increased each year since 1944, and in the past five years payments have averaged 62% of earnings from operations available for the common. We believe that a continuation of increasing dividends as earnings grow is a reasonable expectation.

CONSOLIDATED CAPITALIZATION -- DECEMBER 31, 1966*

Long-Term Debt	\$152,370,797
Minority Interest	32,823,146
\$1.32 (U. S.) Convertible Preferred Stock (No Par)	1,425,950 Shares \neq
Common Stock (\$2.50 Par)	6,823,177 Shares \neq

* - In Canadian funds. \neq - Convertible into common on a share-for-share basis through December 1, 1969; fewer shares thereafter. Callable after November 30, 1970 at any time at \$33 (U. S.) per share. \neq - Outstanding as of June 30, 1967.

SELECTED CONSOLIDATED INCOME ACCOUNT DATA

Years Ended Dec. 31	Total Income* (000)	Deprec. & Amort.* (000)	Net Income* (000)	-----Per Common Share#-----		-----Price Range-----			
				Earn- nings* /	Dividends*	Toronto High	S. E. Low	-N. Y. S. E.- High	Low
1967a	N. A.	N. A.	\$ 8,775	\$1.24	\$0.60	37 $\frac{1}{4}$ b	23b	39 $\frac{7}{8}$ b	25b
1966a	N. A.	N. A.	7,876	1.15	0.50	-	-	-	-
1966	\$189,550	\$16,323	13,742	1.71	1.10	33 $\frac{1}{8}$	23	30 $\frac{5}{8}$	21 $\frac{1}{2}$
1965	131,507	11,686	11,851	1.72	1.00	35	28 $\frac{1}{4}$	32 $\frac{1}{4}$	26 $\frac{3}{8}$
1964	84,779	7,764	10,670	1.58	0.90	30 $\frac{1}{8}$	22 $\frac{5}{8}$	28	20 $\frac{7}{8}$
1963	54,906	4,738	7,802	1.23	0.80	28	21 $\frac{3}{4}$	25 $\frac{3}{4}$	20 $\frac{3}{8}$
1962	51,387	4,375	7,033	1.15	0.77 $\frac{1}{2}$	23 $\frac{3}{4}$	17	22 $\frac{1}{2}$	15 $\frac{1}{2}$

* - In Canadian funds; dividends are subject to applicable Canadian tax. / - Excludes extraordinary earnings of \$0.30 a share in 1966, \$0.19 in 1965, \$0.13 in 1964, \$0.21 in 1963, \$0.25 in 1962; \$0.11 in 1967 interim and \$0.15 in 1966 interim. # - 1962-63 includes net earnings of U. S. industrial subsidiaries and Gotaas-Larsen Companies. # - Adjusted for 2-for-1 split in 1963. Earnings and dividends adjusted for preferred stock conversion in June 1965. Earnings based on average shares outstanding. a - Six months ended June 30. b - 1967 price range through September 5.
N. A. - Not available.

SELECTED CONSOLIDATED BALANCE SHEET DATA*

As of Dec. 31	Cash Items	-----Current-----		----Property----		Long- Term	Pfd.	Common
		Assets	Liabs.	Gross	Net	Debt/	Stock	Stock & Surplus
-----Thousands-----								
1966	\$62,550	\$ 96,037	\$48,756	\$390,422	\$287,601	\$185,194	\$51,203	\$114,065
1965	73,891	102,376	39,199	341,292	241,984	157,914	53,226	107,393
1964	34,008	53,528	32,939	253,901	185,470	106,928	545	101,757
1963	8,867	21,014	19,351	199,551	151,754	96,732	14,537	82,250
1962	6,915	19,744	21,194	186,067	142,751	86,772	14,573	64,950

* - In Canadian funds. / - Includes minority interest.

NOTE: At the time this report was prepared Merrill Lynch, Pierce, Fenner & Smith Incorporated for its own account and/or its officers or voting stockholders had no direct and/or indirect beneficial interest in the common stock.



MERRILL LYNCH, PIERCE, FENNER & SMITH INC

70 PINE STREET, NEW YORK, NEW YORK 10005

ALABAMA

Birmingham 35203 Bank for Savings Bldg. 205 251-9181
Mobile 36601 159 St. Michael St. 205 433-0411
Montgomery 36104 54 Commerce St. 205 265-6711

ARIZONA

Phoenix 85004 429 North Central Ave. 602 252-5011
Tucson 85701 135 N. Stone Ave. 602 792-3750

ARKANSAS

Little Rock 72201 Tower Bldg. 501 FR 2-8381

CALIFORNIA

Beverly Hills 90213 454 N. Camden Dr. 213 CR 5-6181
Fresno 93721 Del Webb's Center 209 264-9631
Hollywood 90028 6353 Hollywood Blvd. 213 461-9811
La Jolla 92037 7722 Girard Ave. 714 454-7183
Long Beach 90802 210 E. First St. 213 435-3771
Los Angeles 90014 523 W. Sixth St. 213 MA 6-2611
Los Angeles 90005 3600 Wilshire Blvd. 213 DU 2-5454
Los Angeles 90024 1013 Broxton Ave. 213 GR 8-0211
Oakland 94612 424 14th St. 415 834-5242
Palo Alto 94301 578 University Ave. 415 DA 1-7100
Pasadena 91101 575 E. Green St. 213 SY 5-5181
Sacramento 95814 711 "J" St. 916 444-3232
San Diego 92101 301 "A" St. 714 234-2792
San Francisco 94104 300 California St. 415 433-2111
San Francisco 94108 445 Sutter St. 415 EX 2-1633
San Jose 95112 701 N. First St. 408 286-2121
Santa Ana 92702 1001 N. Broadway 714 KI 7-7272

COLORADO

Denver 80202 First National Bank Bldg. 303 534-0424

CONNECTICUT

Hartford 06101 50 Constitution Plaza 203 525-4241
New Haven 06510 900 Chapel Square 203 777-7941
Stamford 06901 80 West Park Pl. 203 348-3781

DISTRICT OF COLUMBIA

Washington 20005 815 15th St. N.W. 202 EX 3-2121
Washington 20006 1628 K Street N.W. 202 EX 3-5760

FLORIDA

Delray Beach 33444 616 E. Atlantic Ave. 305 276-5251
Fort Lauderdale 33301 1301 E. Las Olas Blvd. 305 525-3611
Fort Lauderdale 33306 2601 E. Oakland Pk. Beach Blvd. 305 563-1215
Jacksonville 32202 138 W. Bay St. 904 353-4861
Miami 33131 169 E. Flagler St. 305 FR 7-1451
Miami 33131 320 S.E. First St. 305 377-9261
Miami Beach 33139 407 Lincoln Road 305 532-8311
Orlando 32801 135 E. Colonial Dr. 305 241-2481
Palm Beach 33480 County Road and Royal Palm Way 305 TE 3-2501
Pensacola 32501 117 W. Garden St. 305 HE 8-7571
St. Petersburg 33701 23 Fourth St. S. 813 898-4181
Tampa 33602 Marine Bank Bldg. 813 229-5111

GEORGIA

Atlanta 30303 270 Peachtree St. N.E. 404 522-1313
Augusta 30903 716 Broad St. 404 724-7761
Columbus 31901 101 Twelfth St. 404 FA 2-6661
Macon 31202 Dempsey Hotel Bldg. 912 743-4411
Savannah 31401 7 Drayton St. at Bay 233-1134

ILLINOIS

Chicago 60604 Board of Trade Bldg. 312 WA 2-8950
Chicago 60601 350 N. Michigan Ave. 312 FI 6-3700
Chicago 60603 10 S. LaSalle St. 312 AN 3-3655

INDIANA

Fort Wayne 46802 229 W. Berry St. 219 743-8062
Indianapolis 46204 111 E. Market St. 317 638-8371

IOWA

Davenport 52801 Blackhawk Hotel Bldg. 319 323-2721
Des Moines 50309 800 W. Locust St. 515 282-8151

KENTUCKY

Lexington 40507 237 E. Main at Esplanade 606 252-1414
Louisville 40202 425 S. Fifth St. 502 589-9211

LOUISIANA

Baton Rouge 70801 200 Laurel St. 504 DI 8-3131
Monroe 71201 Hotel Frances Bldg. 318 FA 2-3161
New Orleans 70112 915 Common St. 504 529-5293
Shreveport 71102 404 Travis St. 318 425-3221

MARYLAND

Baltimore 21202 Equitable Bldg. 301 685-3200
Baltimore 21201 One Charles Center 301 PL 2-0222

MASSACHUSETTS

Boston 02110 125 High St. 617 HU 2-5700
Boston 02116 520 Boylston St. 617 267-8400

MICHIGAN

Detroit 48226 205 W. Congress St. 313 963-4670
Detroit 48202 208 Fisher Bldg. 313 874-3700
Grand Rapids 49502 126 Ottawa Ave. N.W. 616 451-3061
Lansing 48902 115 W. Michigan Ave. 517 484-2581
Saginaw 48607 121 S. Washington Ave. 517 PL 2-2121

MINNESOTA

Minneapolis 55402 210 Cargill Bldg. 612 332-1234
St. Paul 55101 First National Bank Bldg. 612 CA 4-4692

MISSISSIPPI

Jackson 39201 First National Bank Bldg. 601 FL 4-5261

MISSOURI

Kansas City 64199 Commerce Tower 816 HA 1-5700
St. Louis 63101 515 Olive St. 314 MA 1-6330

NEBRASKA

Omaha 68102 1624 Douglas St. 402 345-8100

NEW JERSEY

Newark 07102 570 Broad St. 201 624-8600
Paramus 07652 East 328 State Highway No. 4 201 DI 3-5747
Trenton 08618 329 W. State St. 609 EX 6-4051

NEW MEXICO

Albuquerque 87101 225 Gold Ave. S.W. 505 247-4262

NEW YORK

Albany 12207 90 State St. 518 HE 6-8571
Brooklyn 11226 2231 Church Ave. 212 UL 6-6242
Brooklyn 11201 200 Montague St. 212 UL 8-6400
Buffalo 14203 One M&T Plaza 716 853-2030
Forest Hills 11375 70-49 Austin St. 212 BO 1-4800
Garden City 11530 1001 Franklin Ave. 516 CH 8-7000
Manhasset 11030 1615 No. Blvd. 516 UN 9-8585
New York 10005 70 Pine St. 212 944-1212
New York 10022 575 Madison Ave. 212 MU 8-6161
New York 10020 1271 Ave. of the Americas 212 582-1313

NEW YORK

New York 10017 200 Park Ave. 212 867-4040
New York 10017 295 Madison Ave. 212 686-6767
New York 10020 61 W. 48th St. 212 246-4500
New York 10018 500 Seventh Ave. 212 564-9200
New York 10022 320 Park Ave. 212 752-7200
New York 10001 333 7th Ave. 212 594-1255
New York 10017 155 E. 44th St. 212 661-2000
New York 10004 44 Broad St. 212 425-3939
Poughkeepsie 12602 2 Cannon St. 914 GR 1-2100
Rochester 14604 40 Clinton Ave. N. 716 454-1212
White Plains 10601 95 Church St. 914 428-1212

NORTH CAROLINA

Asheville 28801 29 Page Ave. 704 254-6331
Charlotte 28202 317 S. Tryon St. 704 376-9881
Greensboro 27402 201 N. Elm St. 919 275-9811
Raleigh 27602 324 S. Salisbury St. 919 832-3731
Wilson 27893 119 W. Nash St. 919 243-3161
Winston-Salem 27102 300 N. Main St. 919 722-4161

OHIO

Akron 44308 300 First National Tower 216 762-9551
Canton 44702 127 Cleveland Ave. S.W. 216 GL 6-0561
Cincinnati 45202 Dixie Terminal Bldg. 513 381-3950
Cleveland 44113 55 Public Square 216 621-7500
Cleveland 44115 1375 Euclid Ave. 216 771-7900
Columbus 43215 100 E. Broad St. 614 CA 8-6454
Dayton 45402 4 S. Main St. 513 222-9595
Toledo 43604 607 Madison Ave. 419 248-1431
Zanesville 43701 44 N. Fourth St. 614 452-3681

OKLAHOMA

Oklahoma City 73102 120 N. Robinson Ave. 405 CE 2-1212
Tulsa 74103 410 S. Boston Ave. 918 LU 3-5511

OREGON

Portland 97204 200 Executive Bldg. 503 CA 8-4351

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Allentown 18101 1132 Hamilton St. 215 435-8031
Bala Cynwyd 19004 555 City Line Ave. 215 TE 9-7575
Philadelphia 19103 4 Penn Center Plaza 215 LO 8-4600
Pittsburgh 15222 2 Gateway Center 412 391-2231
West Chester 19380 34 W. Market St. 215 696-5700
Williamsport 17701 350 William St. 717 326-1781
York 17401 100 E. Market St. 717 843-0011

RHODE ISLAND

Providence 02901 10 Dorrance St. 401 TE 1-4700

SOUTH CAROLINA

Columbia 29201 1304 Sumter St. 803 AL 2-7221

TENNESSEE

Memphis 38103 127 Madison Ave. 901 527-2211
Nashville 37219 Third National Bank Bldg. 615 244-2970

TEXAS

Amarillo 79101 First National Bank Bldg. 806 DR 6-5521
Austin 78763 125 E. 7th St. 512 GR 6-6121
Beaumont 77701 461 Bowie St. 713 TE 3-4313
Corpus Christi 78403 The Wilson Tower 512 TU 3-2692
Dallas 75221 1407 Main St. 214 RI 1-5361
Dallas 75201 Republic National Bank Bldg. 214 RI 2-4181
Fort Worth 76102 Continental National Bank Bldg. 817 ED 6-7151
Houston 77002 330 Gulf Bldg. 713 CA 8-0567
Houston 77002 First City National Bank Bldg. 713 CA 5-1212
San Antonio 78206 319 N. St. Mary's St. 512 CA 5-5311
Waco 76703 First National Bldg. 817 PL 2-1681
Wichita Falls 76301 Oil & Gas Bldg. 817 723-1481

UTAH

Salt Lake City 84111 Kennecott Bldg. 801 359-7681

VIRGINIA

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Richmond 23219 700 E. Main St. 703 649-9361

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Seattle 98101 1325 Fourth Ave. 206 MA 4-1122
Spokane 99201 425 W. Riverside Ave. 509 MA 4-2201
Tacoma 98402 Washington Bldg. 206 FU 3-4741

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Montreal 2 635 Dorchester Blvd. W. 514 861-8241
Toronto 1 11 King St. W. 416 362-6333
Vancouver 2 409 Granville St. 604 682-3311

PUERTO RICO

San Juan 00918 1 Banco Popular Center 765-9696

CALIFORNIA GOVERNMENT SECURITIES DIVISION

San Francisco 94107 300 California Street 415 433-2111

ILLINOIS

Chicago 60603 Board of Trade Bldg. 312 WA 2-8950

MASSACHUSETTS

Boston 02110 125 High St. 617 482-6000

MISSOURI

St. Louis 63101 515 Olive St. 314 GA 1-3200

NEW YORK

New York 10005 48 Wall St. 212 HA 2-2727

OHIO

Cincinnati 45202 First National Bank Bldg. 513 721-6500
Cleveland 44113 55 Public Square 216 MA 1-1070

PENNSYLVANIA

Philadelphia 19103 4 Penn Center Plaza 215 LO 9-3377
Pittsburgh 15222 2 Gateway Center 412 471-4820

OFFICES OF AFFILIATED COMPANIES

BELGIUM Brussels 70 Rue Ravenstein 12-31-50

BRITISH CROWN COLONY

Hong Kong Prince's Bldg. 221095
London 110 Fenchurch St. ROY 9333

ENGLAND

Cannes Carlton Hotel 38-14-90

FRANCE

Paris 25 Avenues des Champs Elysees ELY 23-69

GERMANY

Frankfurt Zurich-Hochhaus am Opernplatz 72-03-66

ITALY 2

Milan 20121 Via San Pietro all'Orto 27 782-261

JAPAN

Tokyo Hibiya Mitsui Bank Bldg. 501-7071

LEBANON

Beirut Starco North Bldg. 250-525

NETHERLANDS

Amsterdam 107 Weesperstraat 22-03-93

PANAMA

Panama City 200 Via España PA 3-5200

SPAIN

Barcelona Avda. Gmo. Franco 534 247-77-07
Madrid Torre de Madrid 9-4

September 1, 1967

INTRODUCTION

From its inception in 1924 through to 1960, International Utilities Corporation was primarily concerned with the operation of public utilities. In 1960, however, the company initiated a broad diversification program, and it is now engaged not only in utilities, but also in transportation, industrial activities, mining and underwater exploration. It also maintains a sizable, diversified portfolio of investments.

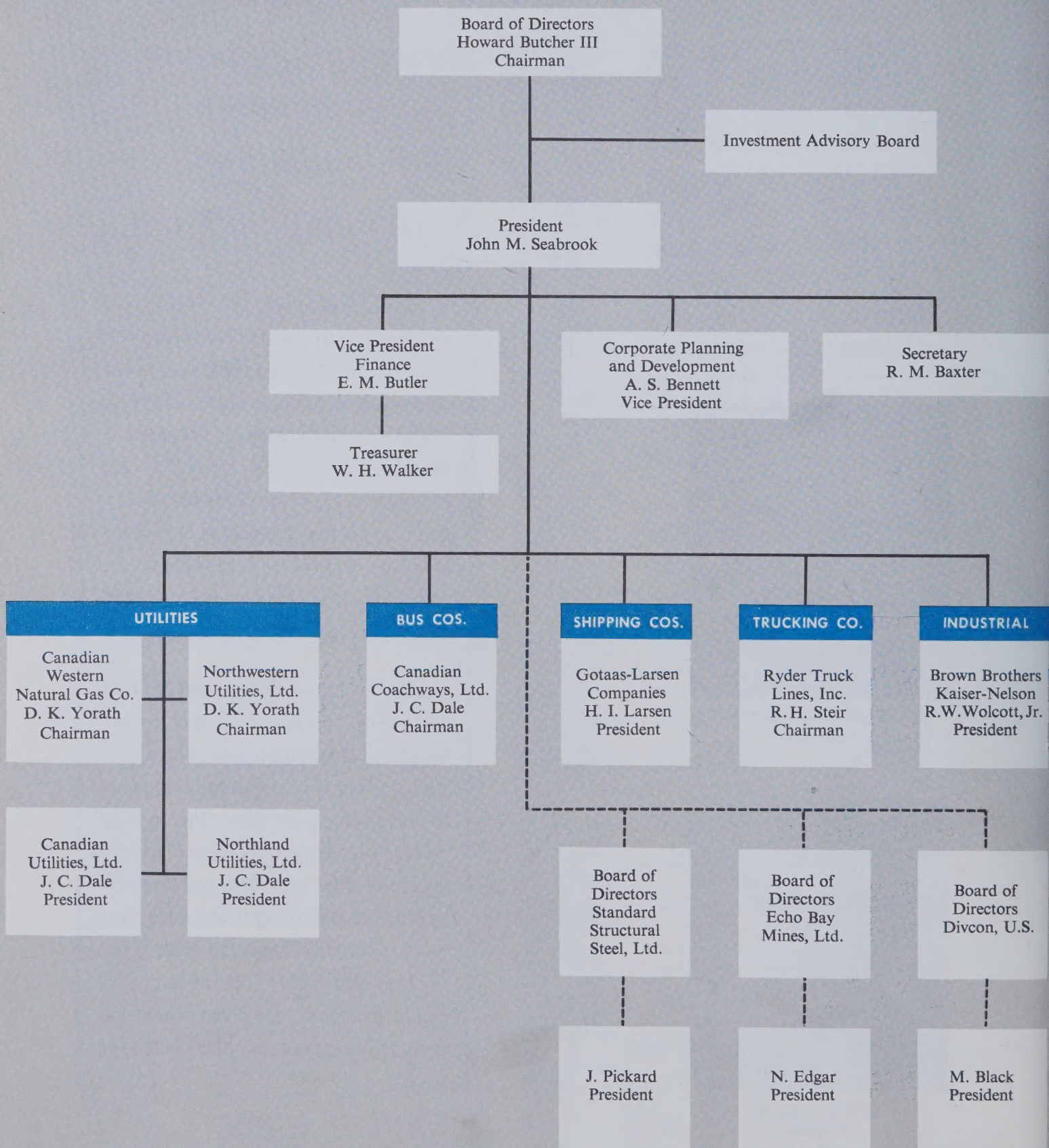
This brochure is intended to help the reader obtain a clearer understanding of International as it stands today after this substantial increase in diversity and after the related changes in organization and capital structure. The statistical and financial records of the utility companies have been more fully reported than those of the non-utility operations. The latter, therefore, are given somewhat greater emphasis in the following pages.



Howard Butcher, III
Chairman



John M. Seabrook
President



INTERNATIONAL UTILITIES CORPORATION

and subsidiaries

HIGHLIGHTS

Selected Historical Financial Information

Consolidated Net Income—After Taxes:* (Dollars in Thousands)	1966	1965	1964	1963	1962	1961	1960
Utilities	\$ 7,502	\$ 7,810	\$ 7,001	\$ 6,421	\$ 6,424	\$ 6,022	\$ 5,385
Shipping	1,959	1,082	1,660	466	—	—	—
Trucking	489	936	—	—	—	—	—
Bus Companies	135	62	—	—	—	—	—
Industrials	1,711	1,334	1,015	426	307	322	138
Interest and Dividends from Securities	2,956	1,789	1,339	847	653	563	599
Gain on Disposition of Properties and Investments, etc.	2,051	1,371	857	1,342	1,533	3,225	577
Less: Holding Company Group Interest and Other Expenses, Net After Income Tax Credits	(1,031)	(1,181)	(366)	(373)	(354)	(294)	(186)
Total	15,772	13,203	11,506	9,129	8,563	9,838	6,513
Less: Preferred Dividend**	2,095	179	—	—	—	—	—
Total Available for Common Stock	\$13,677	\$13,024	\$11,506	\$ 9,129	\$ 8,563	\$ 9,838	\$ 6,513
Net Earnings Per Common Share:**							
From Operations	\$ 2.01	\$ 1.75	\$ 1.58	\$ 1.23	\$ 1.15	\$ 1.08	\$ 1.04
From Disposition of Properties and Investments	.30	.19	.13	.21	.25	.53	.10
Total	2.31	1.94	1.71	1.44	1.40	1.61	1.14
Less: Preferred Dividend	.30	.03	—	—	—	—	—
Net Earnings Per Common Share	\$ 2.01	\$ 1.91	\$ 1.71	\$ 1.44	\$ 1.40	\$ 1.61	\$ 1.14
Dividends Per Common Share**	\$ 1.10	\$ 1.00	\$.90	\$.80	\$.77½	\$.75	\$.70

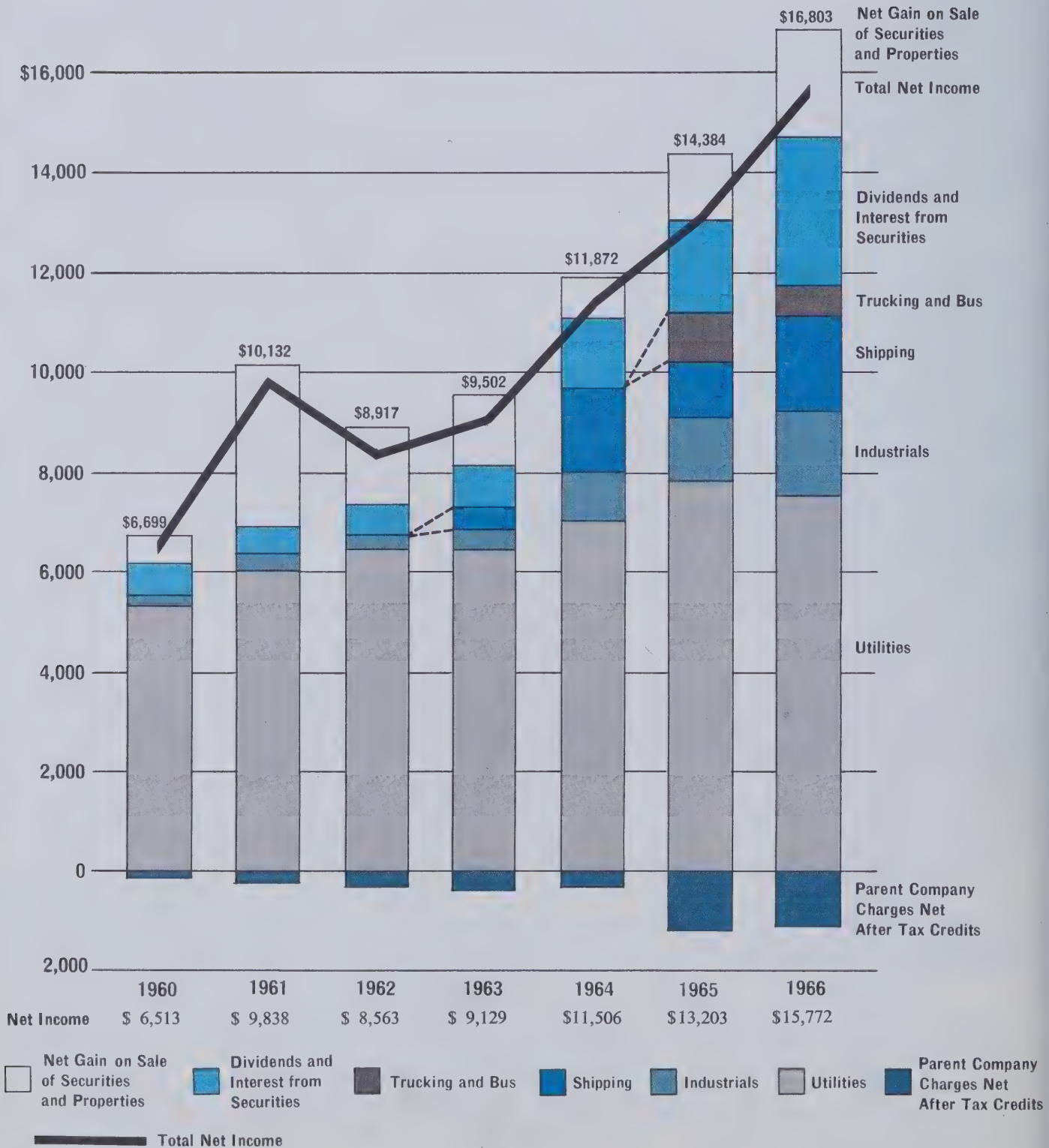
*Contribution to net income represents both net income from operations and the net interest income received by I.U. on its notes and advances to the respective subsidiaries. In most cases, except for utilities, net interest income comprises a significant part of the total net contribution. For purposes of the above table, we have made what we consider to be fair allocations of income taxes among the divisions.

**Earnings and dividends per share have been adjusted to basis of shares outstanding after giving effect to (1) the two-for-one stock split which became effective May 15, 1963 and (2) the 100% conversion of \$2 convertible preferred stock which was called for redemption on June 1, 1965.

Year Ended December 31

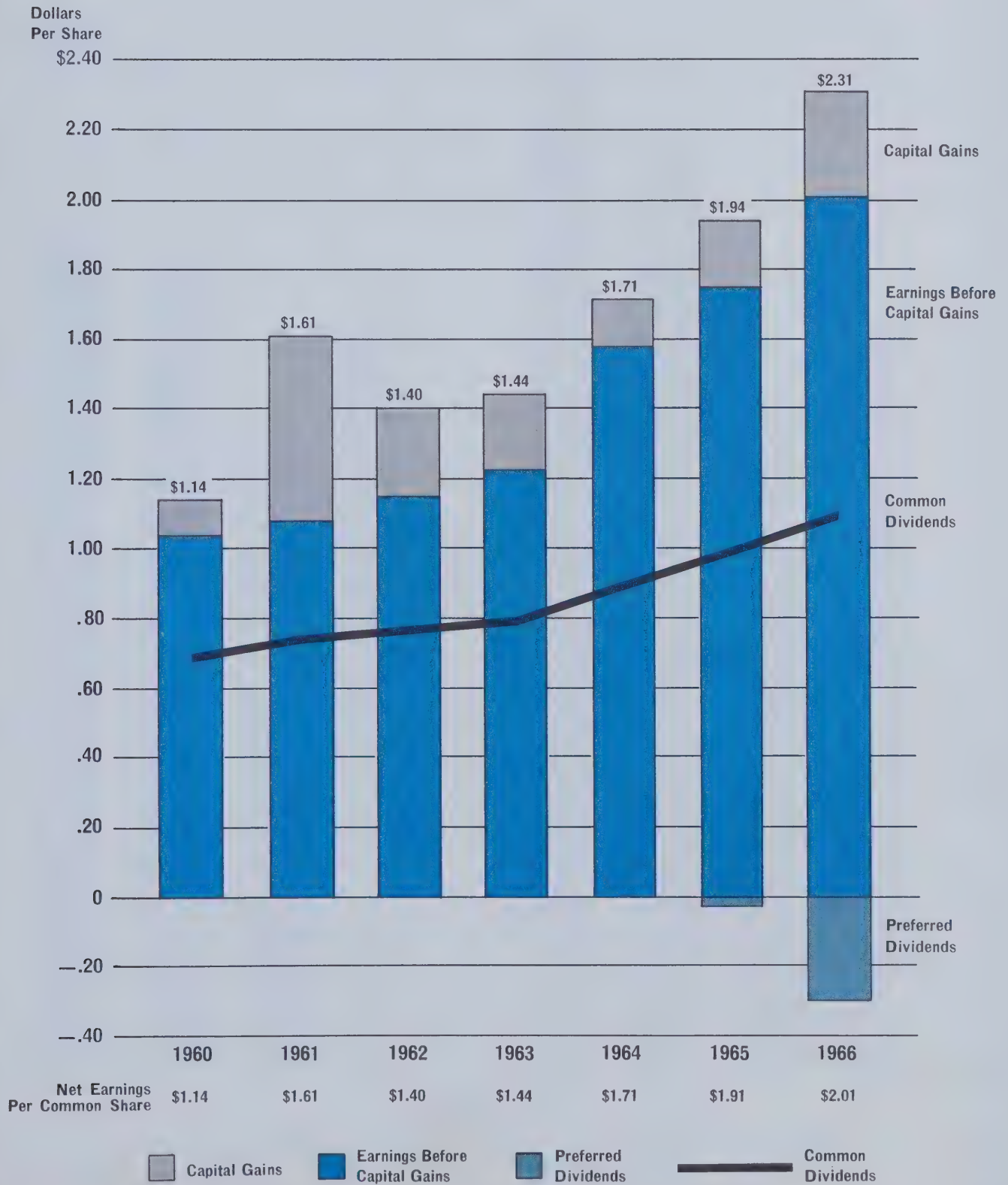
SOURCES OF NET INCOME

(dollars in thousands)



Year Ended December 31

EARNINGS AND DIVIDENDS PER COMMON SHARE



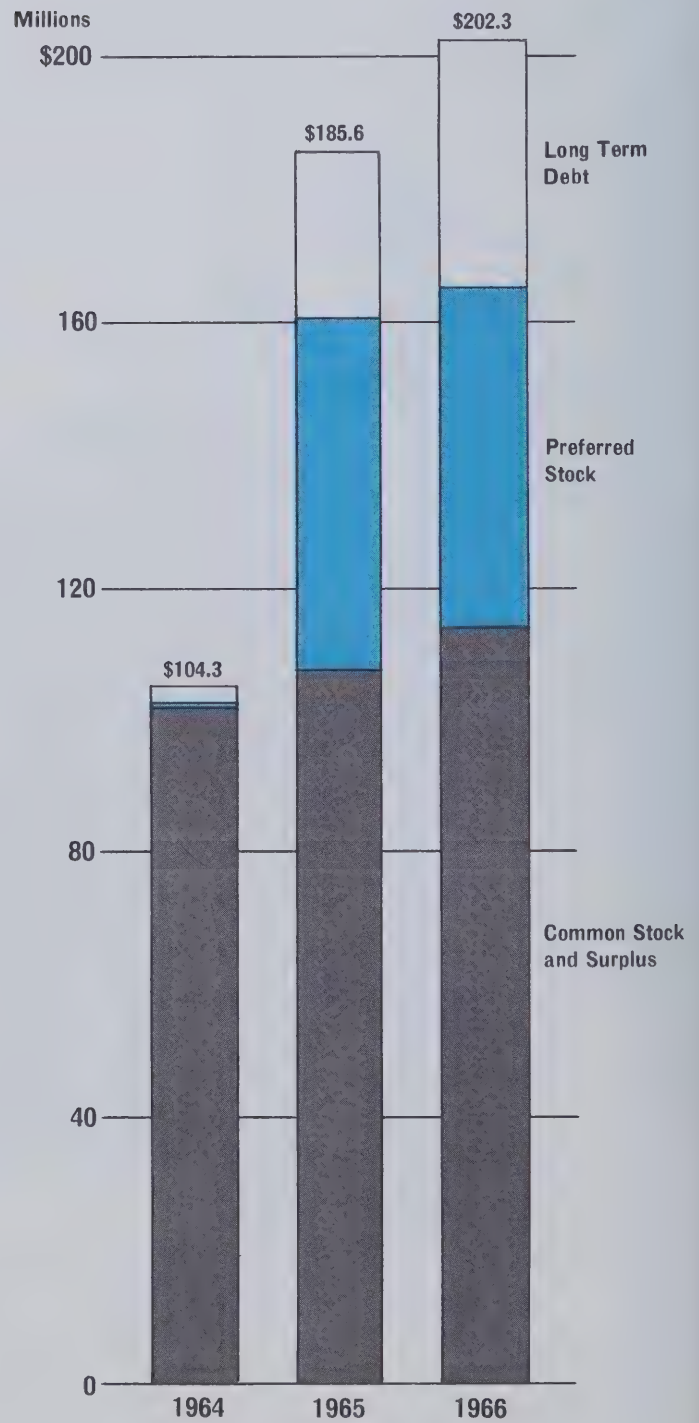
Year Ended December 31

INVESTMENTS



■ Securities (at cost)
 ■ Debt
 ■ Equity

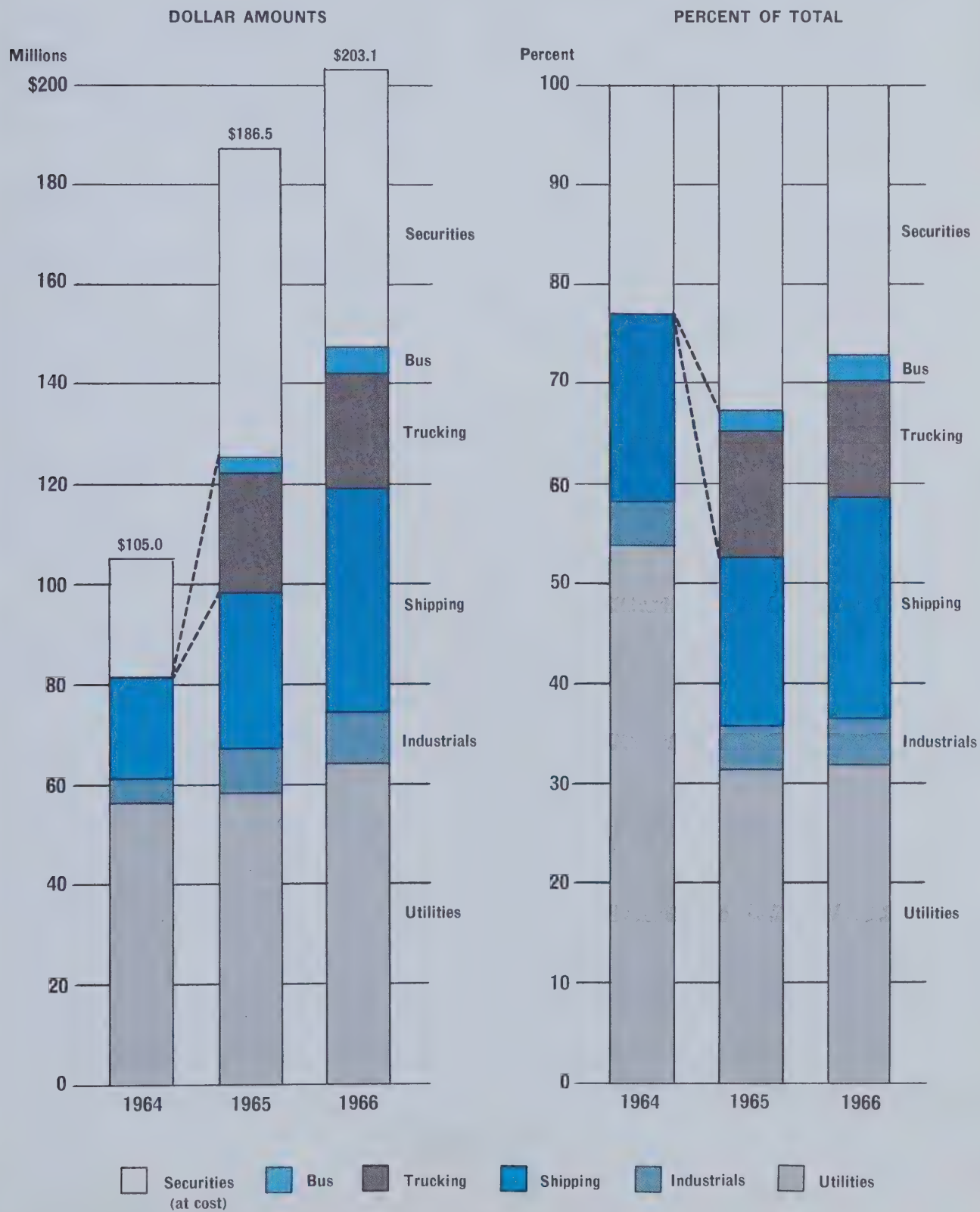
SOURCES OF INVESTMENT FUNDS



■ Long Term Debt
 ■ Preferred Stock
 ■ Common Stock and Surplus

Year Ended December 31

COMPOSITION OF INVESTMENTS



GENERAL DESCRIPTION

International Utilities Corporation was incorporated in Maryland in 1924. In 1961, the company transferred its principal office to Toronto and became a United States corporation resident in Canada. For its first 36 years, the corporation's primary business consisted of the operation of public utility companies in Western Canada.

In February 1960, I.U. acquired the outstanding shares of Brown Brothers Contractors, Inc., and in 1963, it purchased the Kaiser-Nelson Corporation. Through these industrial operations, I.U. provides slag removal and steel reclaiming services to steel mills as well as demolition services for industrial and institutional clients. In May 1967, International acquired 58.3% of the outstanding shares of Standard Structural Steel Ltd. of Montreal, a fabricator and erector of structural steel elements.

The corporation entered the broad field of transportation in August 1963, by the purchase of all of the outstanding capital shares of Gotaas-Larsen, Inc. and its shipping company affiliates. The Gotaas-Larsen business has been substantially expanded, since that time, by the construction and operation of new tankers and bulk carriers.

Bus and freight express services were first offered in January 1965, when all of the preferred and 90% of the common shares of Canadian Coachways Ltd. were acquired. Complete ownership of Coachways was achieved in February 1966. Since 1965, Coachways has acquired Prince Coach Lines, Rupert Bus Lines, River Bend Trailways, Sunburst Motor Coaches, Blue Goose Lines and Northland Arrow Lines, all operating in Alberta. In April 1967, I.U. purchased 96% of the capital stock of Vancouver Island Transportation Company, Limited, a British Columbia corporation.

Transportation services were further extended in August 1965, by the acquisition from Ryder System, Inc. of Ryder Truck Lines, Inc., serving the southeast and midwest regions of the U. S. Under a purchase contract awaiting approval by the Interstate Commerce Commission, Ryder is presently operating Harris Express, Inc., thereby extending its route system to the New York metropolitan area.

In 1964, I.U. acquired a 23% interest in Echo Bay Mines, Limited, then initiating silver and copper mining operations in the Northwest Ter-

ritories. On July 14, 1967, I.U.'s interest was increased to 73%.

In August 1967, I.U. purchased a controlling interest in Divcon U. S. With its foreign subsidiaries, Divcon provides underwater diving and engineering services, principally to the offshore petroleum industry.

Total I.U. employment approximates 9,400 people.

Investment Portfolio Under the direction of its Investment Advisory Board, the corporation also maintains a sizable and diversified portfolio of both Canadian and United States investment securities.

Management I.U.'s various subsidiaries operate with a high degree of autonomy. Corporate management is concerned primarily with the rate of return on I.U.'s investments. It reviews and amends, if necessary, the subsidiaries' operating plans and budgets, and monitors their performances against approved targets. It assists them in financing authorized plans for expansion and major capital expenditures and in the evaluation and negotiation of appropriate acquisitions. With the Board of Directors, it also develops broad plans for further corporate growth and development.

Taxes As a corporation resident in Canada, the dividends which I.U. receives from its Canadian subsidiaries are not subjected to the 15% Canadian withholding tax.

The dividends which I.U. pays out to U. S. and other non-Canadian shareholders are subject to the 10% Canadian withholding tax. However, this tax may be taken as a credit, by most U. S. shareholders, against their U. S. income tax.

Canadian individual shareholders of I.U. are entitled to the 20% Canadian tax credit on dividends received from I.U., and Canadian corporate shareholders are entitled to a 100% dividend-received deduction.

I.U. qualifies as a "foreign income" corporation, under the U. S. Internal Revenue Code, inasmuch as 80% of its gross income, as defined by the Code, is derived from sources outside the U. S. Currently, therefore, as for the past five years, no U. S. withholding tax is required on dividends paid to non-U. S. shareholders.

UTILITIES

I.U.'s utility subsidiaries supply natural gas and electricity to customers primarily in the Province of Alberta and also in certain communities in British Columbia, Saskatchewan, the Yukon Territory and the Northwest Territories. Two of the subsidiaries—Canadian Western Natural Gas Company Limited (“Canadian Western”) and Northwestern Utilities, Limited (“Northwestern”)—are engaged in the production and distribution of natural gas. Canadian Utilities, Limited (“Can-

dian Utilities”), together with two wholly-owned subsidiaries, generates and distributes electricity. Northland Utilities Limited (“Northland”), either directly or through wholly-owned subsidiaries, supplies both natural gas and electricity. Total utility employment, including temporary construction personnel, approximates 2,280.

(A system map for all of these companies is presented inside the back cover of this booklet.)

Company and Subsidiaries	Percent of Common Shares Owned by I.U.	Area Served	Approximate Population of Area Served
Canadian Western	87.7%	Distributes <i>natural gas</i> in Calgary, Lethbridge, Banff and 82 other communities in southern Alberta.	441,000
Northwestern	100.0%	Distributes <i>natural gas</i> in Edmonton, Red Deer, Camrose, Wetaskiwin and 88 other communities in central Alberta.	512,000
Canadian Utilities Yukon Electrical Co. Yukon Hydro Co.	72.0%	Supplies <i>electricity</i> to 261 communities in central and northern Alberta, as well as 14 communities in the Yukon Territory and one community each in British Columbia and Saskatchewan. Also serves 140 rural electrification associations and 46 oil fields.	172,000
Northland Utilities Northland Utilities (B. C.) Uranium City Power Co.	99.5%	Supplies <i>natural gas</i> to 26 communities in northern Alberta and to three communities in British Columbia. Supplies <i>electricity</i> to 50 communities in northern Alberta and the Northwest Territories as well as to Uranium City in Saskatchewan. Also serves 29 rural electrification associations.	47,000—gas 38,000—elec.
MisMat Corporation	100.0%	Provides home financing services for employees of utility companies.	

Selected Financial Data
(Dollars in Thousands)

	1966	1965	1964	1963	1962	1961	1960
Assets	\$203,535	\$192,684	\$182,441	\$172,708	\$159,170	\$154,891	\$144,626
Sales or Revenues	\$ 66,334	\$ 62,920	\$ 57,476	\$ 52,723	\$ 50,189	\$ 45,926	\$ 40,287
Contribution to Net Income of International Utilities*	\$ 7,502	\$ 7,810	\$ 7,001	\$ 6,421	\$ 6,424	\$ 6,022	\$ 5,385

*Excludes gain on sale of properties and investments.

TRANSPORTATION • SHIPPING COMPANIES

Shipping services provided by Gotaas-Larsen generally fall into four categories. Oil is carried under charter from the Middle East, Mediterranean, and Caribbean ports to destinations in Europe and the Far East; grain, coal and iron ore are transported between Europe, South America and the United States; lighterage operation is conducted in the River Plate area of Argentina; and refrigerated vessels trade worldwide with fruit, meat and other cargoes. Payment for most of the services performed is made in hard currency.

Various large oil companies have chartered our tankers either on bareboat charter, time charter or

on a consecutive-voyage contract for periods of up to 20 years. Long-term contracts of affreightment provide our bulk carrier fleet with cargoes, generally of coal or iron ore, for periods of up to 5 years. Refrigerated vessels have been time chartered outward for up to 5 years. The lightening vessels' services involve coal and ore traffic and outbound grain traffic in Argentina averaging about 70 operations per year.

The net book value of International's investment in ships, including the total projected cost for ships on order, is about \$155 million.

Gotaas-Larsen employs 842 people.



INTERNATIONAL UTILITIES CORPORATION

Gotaas-Larsen Fleet (As of September 1, 1967)

Type of Vessel	In Operation	On Order	Total	Total Deadweight Capacity
Tankers	9	5	14	1,364,000
Bulk Carriers	8	2	10	347,000
Refrigerated Ships	1	2	3	19,000
Refrigerated Ships—15% Owned	1	1	2	12,000
Bulk Carriers—Chartered Inward	6		6	214,000
Totals	25	10	35	1,956,000

Selected Financial Data (Dollars in Thousands)

	1966	1965	1964	1963†
Assets	\$90,173	\$51,907	\$32,516	\$30,390
Sales or Revenues	\$24,874	\$19,848	\$17,847	\$ 5,418
Contribution to Net Income of International Utilities*	\$ 1,959	\$ 1,082	\$ 1,660	\$ 466

*Excludes gain on sale of properties and investments.

†Includes only months of September through December.





TRANSPORTATION • TRUCKING COMPANY

The principal business of Ryder Truck Lines, Inc. is that of transporting dry freight over regular routes in seventeen states in the Southeast and Midwest regions of the U. S.

Contingent upon the approval of the Interstate Commerce Commission, Ryder has recently extended and strengthened its route system by acquisition of (1) Harris Express, Inc., which gives Ryder access to the N. Y. metropolitan area, and (2) an operating authority between Charlotte, N. C. and Knoxville, Tenn., thus providing a direct connection between the Carolinas and Ryder's Midwest Territory.

Ryder provides direct service to more than 4,000 cities and towns on approximately 18,945 miles of authorized regular routes. Service to areas outside of its authorized territory is maintained by means of freight exchange, trailer exchange, joint routes and through-rate arrangements with an estimated 550 certificated motor carriers.

In 1966, dry freight shipments averaged 277,523

per month for over 35,000 customers. No single commodity accounted for as much as 2.5% of gross revenues, and no customer accounted for more than 1.2% of such revenues. Approximately 71% of dry freight revenues and 51% of dry freight tonnage were attributable to less-than-truckload shipments. The average length of haul was 572 miles.

In June 1966, I.U. sold Ryder's Tank Line Division to Chemical Leaman Tank Lines, in exchange for 350,000 common shares (27%) of Chemical Leaman. Completion of this agreement is pending the approval of certain state regulatory authorities and the Interstate Commerce Commission. In the interim, this division is being operated by Chemical Leaman, the largest bulk carrier of its type in the U.S. Ryder's Tank Line Division had annual revenues in 1966 of about \$13.6 million.

Ryder employs approximately 4,200 people.

Selected Financial Data

(Dollars in Thousands)

	1966	1965†
Assets	\$31,071	\$40,339
Sales or Revenues	\$70,280	\$30,239
Contribution to Net Income of International Utilities*	\$ 489	\$ 936

*Excludes gain on sale of properties and investments.

†Includes only months of August through December.

TRANSPORTATION • BUS COMPANIES

Canadian Coachways and its subsidiaries operate passenger coach and freight express lines over much of the area served by the utility subsidiaries. Motor bus routes extend over some 6,842 miles in Alberta, British Columbia, the Yukon and Northwest Territories in Western Canada. The system

owns and operates 135 buses, and employs 286 people.

In addition, the Vancouver Island Transportation Company provides motor bus and taxi services over 641 miles on Vancouver Island.

It employs about 255 people.

Selected Financial Data (Dollars in Thousands)

	1966	1965†
Assets	\$7,243	\$4,789
Sales or Revenues	\$4,836	\$3,307
Contribution to Net Income of International Utilities*	\$ 135	\$ 62

*Excludes gain on sale of properties and investments.

†Includes only months of August through December.



INDUSTRIALS

Steel Reclaiming and Slag Processing: Brown Brothers and Kaiser-Nelson have the experience and resources to provide, in most parts of the world, all metal recovery and slag-handling operations—whether for blast furnace, open hearth, electric or basic oxygen steel plants. This capability begins with pit cleaning, including the removal of all slag and debris, and continues through the many operations needed to return to the steel mill the maximum amount of recoverable metals. The companies prepare and sell residual products, such as crushed and screened slag and palletized brick. They also break and size (1) ingot molds and stools, (2) mill rolls, (3) miscellaneous iron from blast furnace operation, (4) heavy breakable cast iron and (5) other large scrap. All services are performed for contracted prices, and payment is made only for services rendered.

The two companies maintain separating plants, especially equipped loading machines, heavy duty

trucks, etc., at each of the 17 steel plants now served. The capacities of all facilities and equipment are sufficient to compensate for breakdowns, thus precluding any interruptions in the entire steel production process.

Customers in the U. S. include the Alan Wood Steel Company, Crucible Steel Company of America, Empire Reeves Steel Corporation, Lukens Steel Company, Phoenix Steel Corporation, Sharon Steel Company, United States Steel Corporation and Youngstown Sheet & Tube Company. Also served are the Lake Ontario Steel Company Limited (Canada), Altos Hornos de Mexico, S. A. and C.V.G.-Siderurgica del Orinoco C.A. (Venezuela). The approximate ingot tonnage capacity of all the mill locations served is 13,100,000 tons.

Reclaiming activities account for about 500 employees.

Slag and scrap are processed through the separating plant.



INDUSTRIALS (CONT.)

Demolition: The Kaiser-Nelson Steel and Salvage subsidiary conducts demolition and salvage activities, primarily in the Northern and Eastern regions of the United States. It is also engaged, to a limited extent, in urban dismantling work in New York City. In 1965 and 1966, it demolished or dismantled 18 buildings at the New York World's Fair. Services have been provided for many leading United States companies and for port authorities and municipalities. Kaiser-Nelson Demolition Limited offers similar services in Canada.

Demolition activities account for approximately 150-200 employees.

Steel Fabrication and Erection: Standard Structural Steel, based in Montreal, fabricates and erects the structural steel elements found in bridges, industrial plants, warehouses, office and institutional buildings. During 1966, 28,800 tons and 25,600 tons were fabricated and erected, respectively. Standard's market generally encompasses Quebec, Ontario and the Maritime Provinces. Enlargement of its present markets, further expansion in Canada and development of the U. S. market are envisioned.

Standard presently employs approximately 500 people.

Selected Financial Data (Dollars in Thousands)

	1966	1965	1964	1963	1962	1961	1960
Assets	<u>\$12,256</u>	<u>\$10,387</u>	<u>\$8,634</u>	<u>\$3,486</u>	<u>\$2,839</u>	<u>\$2,827</u>	<u>\$2,299</u>
Sales or Revenues	<u>\$19,224</u>	<u>\$13,089</u>	<u>\$7,872</u>	<u>\$3,654</u>	<u>\$3,289</u>	<u>\$2,955</u>	<u>\$2,122</u>
Contribution to Net Income of International Utilities*	<u>\$ 1,711</u>	<u>\$ 1,334</u>	<u>\$1,015</u>	<u>\$ 426</u>	<u>\$ 307</u>	<u>\$ 322</u>	<u>\$ 138</u>

*Excludes gain on sale of properties and investments.

MINING AND EXPLORATION

Mining: Echo Bay Mines, Limited, of Edmonton, is engaged in the mining and concentration of silver and copper ore. Its mine is located on the east shore of Great Bear Lake in the Northwest Territories. In the year ending February 28, 1967, it produced 1,532,002 ounces of silver and 1,687,670 pounds of copper.

An exceptionally high-grade ore has been encountered in a third level, opened in April of 1967. As a result, silver output in the first quarter of fiscal 1968 amounted to about 60% of the total output for the fiscal year 1967.

Production at the mine is managed by J. Foster Irwin Engineering and Management Services Limited. On the advice of this firm, I.U. intends to accelerate the development of the property, as there are good indications of additional commercial ore at lower levels as well as adjacent to the present workings. Exploratory drilling is being conducted to determine the full extent of the ore-body and reserves.

Echo Bay employs about 70 people.

Exploration: Divcon U. S. was recently formed to

acquire Divcon International N.V., a Netherlands company founded in 1964, together with the latter's subsidiaries and affiliates. The Divcon group provides the international petroleum industry with underwater services, primarily divers and supporting equipment, in connection with their exploration for and production of oil and gas at offshore locations. The company has an excellent reputation among the major oil companies, offshore drilling contractors and pipe-laying companies.

Divcon now has 17 contracts covering operations in the North Sea and off the coasts of Libya, Tunisia, Algeria, Nigeria, Iran and Australia. The company maintains offices in London and Monaco and has recently established its headquarters in Houston. This office will serve as a base for new diving operations in U. S. and Mexican waters. It will also house a new engineering unit to support Divcon's increasing participation in underwater pipeline construction and maintenance, marine construction and underwater mineral exploration and extraction.

Divcon presently employs about 250 people.

INVESTMENTS

Investment Portfolio as of August 28, 1967 (Dollars in Thousands)

Common Stocks:	Shares Owned	Book Cost	Market Value	Appreciation (Depreciation)
Alleghany Corporation	96,000	\$ 952	\$ 1,020	\$ 68
American Water Works Co., Inc.	100,000	1,501	1,412	(89)
Atlantic Coast Line Co.	75,700	2,033	2,725	692
C. Brewer and Co., Ltd.	339,432	5,401	8,231	2,830
Canada Steamship Lines, Ltd.	10,000	300	318	18
Congoleum-Nairn, Inc.	100,000	1,899	2,500	601
El Paso Natural Gas Co.	218,300	4,479	4,693	214
Jerrold Corporation	303,780	5,887	11,695	5,808
McCord Corporation	100,000	2,315	2,350	35
New York Central Railroad Co.	302,500	9,036	23,368	14,332
Peace River Mining and Smelting, Ltd.	170,000	510	1,522	1,012
Pennsylvania Railroad Co.	208,900	4,575	13,709	9,134
Power Corporation of Canada, Ltd.	400,000	2,772	4,200	1,428
Reliance Insurance Co.	100,000	3,464	3,200	(264)
White Pass and Yukon Corp., Ltd.	152,775	1,124	2,826	1,702
Sub-total		46,248	83,769	37,521
All Other*		10,935	10,809	(126)
Total		<u>\$57,183</u>	<u>\$94,578</u>	<u>\$ 37,395</u>

*Also includes minor common stock holdings not detailed above.

I.U. maintains a substantial diversified portfolio of investments. After a thorough analysis, securities are selected by the Investment Advisory Board and are reviewed monthly by the Board. The Board consists of certain of International's directors and/or corporate officers as well as selected outsiders with strong investment knowledge and experience.

At present, I.U. is one of the largest shareholders of both the Pennsylvania and New York Central Railroad Companies. It also holds significant equity positions in C. Brewer and Company, Limited (17%), the Jerrold Corporation (14%), McCord Corporation (10%), Power Corporation of Canada, Limited (6%) and The White Pass and Yukon Corporation, Limited (20%).

Over the years, the investment portfolio has been a consistent source of dividend and interest in-

come and, more importantly, of annual capital gains. At August 28, 1967, the market value of the portfolio amounted to \$94,578,000 compared to a total cost of \$57,183,000, representing a capital appreciation of \$37,395,000.

The portfolio also provides a basis for investment in newly-formed or developmental situations which indicate good but unproven potentiality for growth and, possibly, later inclusion as operating subsidiaries. For example, International was one of the founders of Trans Canada Pipelines, Ltd. and Quebec Natural Gas Corporation, Ltd. and has since disposed of its investments in these operations. The initial investment in Echo Bay Mines, now 73% owned, is another example of this type.

Maintenance of a diversified portfolio will continue to be an integral part of International's operation.

INVESTMENT ADVISORY BOARD

Hadley Case—Director of Case, Pomeroy and Co., Inc., Copper Range Co., Northwest Airlines, Inc., New York Air Brake Co., Numac Oil and Gas, Ltd. President and Director of Felmont Oil Corp. and Essex Royalty Corp.

J. Paul Crawford, Jr.—Senior Vice President of Chemical Bank New York Trust. Director of Goodall Rubber Co. and Electronic Communications, Inc.

Anthony G. S. Griffin—President and Director of Triarch Corp., Ltd., The Commercial Life Assurance Co. of Canada, Toronto and London Investment Co., Ltd., First Toronto Corp., Ltd. and the Halifax Insurance Co. Vice President and Director of Wells Overseas, Ltd. Director of Canadian Ice Machine Co., Ltd., Raymond International, Inc., S. G. Warburg & Co., Ltd. (London), Dollar Land Corp., Ltd., United Dominions Corp. (Canadian) Ltd., Victoria & Grey Trust Co. and Wallaceburg Brass Ltd.

Robert C. Heim—Vice President of the Bank of New York. Director of International Utilities Corporation, Layne and Bowler Pump Co., White Pass and Yukon Corporation, Ltd., Power Corporation Australia, Ltd., Peace River Mining and Smelting Co., Ltd. and BFM Corp.

William M. Hunt—Vice President and Director of Putnam Management Co. Trustee of Putnam Growth Fund, George Putnam Fund of Boston, Walworth Realty and Brown University. Director of General Waterworks Corp.

Walter P. Miller, Jr.—President of Walter P. Miller Co., and York Investment Co. Director of Wallace Paper Box Corp. Director and Member of Executive Committee of Thermal Research and Engi-

neering Co. Chairman of Distribution Board of Philadelphia Foundation. Trustee of Harrison Foundation.

John M. Seabrook—President and Director of International Utilities Corporation, and General Waterworks Corporation. Director of McCord Corporation, Provident National Bank, New York Central Railroad Company, South Jersey Gas Company, and Walworth Company.

William I. M. Turner, Jr.—President and Director of Power Corporation of Canada, Limited, Power Corporation International Limited, and C. M. Investments (B. C.) Limited. President of Shawinigan Industries Limited. Director of Power Corporation Australia Limited, Bathurst Paper Limited, Canada Steamship Lines, Canadian Interurban Properties Limited, Capital Management Limited, Chemcell, Congoleum-Nairn, Inc., Consolidated Paper Corp., Ltd., Dominion Electric Protection Company, Eastern Canada Stevedoring (1963) Limited, Flaminia Nuova s.p.s., Grand Bahama Industries Limited, Hafner Fabrics of Canada Limited, Laurentide Financial Corp., Ltd., National General Corporation, North American Recreation Industries Limited, Northern and Central Gas Co. Limited, and Association of Canadian Investment Companies. Chairman and Director of Inspiration Limited.

Theodore S. Watson—Partner of Watson and White. Honorary Director of International Utilities Corporation.

William M. Weaver, Jr.—Partner of Alex, Brown and Sons. Director of Servotronics, Inc., Gotaas-Larsen, Inc., Studebaker Corporation, I.T.E. Circuit Breaker Co. Member Advisory Board of the Bank of New York.

INTERNATIONAL UTILITIES CORPORATION
200 University Avenue • Toronto 1, Ontario, Canada

DIRECTORS

Howard Butcher III
Villanova, Pennsylvania

W. W. Keen Butcher
Philadelphia, Pennsylvania

Sir Geoffrey Crowther
London, England

John C. Dale
Edmonton, Alberta

Robert C. Heim
Briarcliff Manor, New York

H. Irgens Larsen
Armonk Village, New York

F. Clarence Manning
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Willis S. McLeese
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New York, New York

Bruce F. Willson
Thornhill, Ontario

Dennis K. Yorath
Edmonton, Alberta

Honorary

Theodore S. Watson
Greenwich, Connecticut

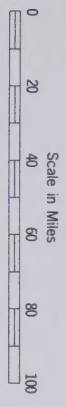


INTERNATIONAL UTILITIES CORPORATION
PUBLIC UTILITY SYSTEM MAP

December 31, 1966

Legend

- Natural Gas Pipelines
- Electric Transmission Lines
- Electric Generating Plants
- Communities Served with both Gas and Electricity
- Gas Fields Supplying System
- Other Gas and/or Oil Fields
- Alberta Gas Trunk Line Supplying TransCanada
- Alberta Gas Trunk Line Supplying Alberta & Southern, Westcoast and Canadian Montana Pipe Line Co.
- Natural Gas Pipelines Owned by Others



PUBLIC UTILITY SYSTEM MAP

WASHINGTON IDAHO MONTANA ALBERTA SASKATCHEWAN MANITOBA

